

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of Insurance and Financial Services

In the matter of:

Department of Insurance and Financial Services
Petitioner

v

**CEO World Credit Union,
Eastern Trust Finance,
EH National Bank, and
Capital Standard Institution**
Respondents.

Case No. 21-01064

Docket No. 21-021488

**Issued and entered
this 26TH day of January 2022
by Randall S. Gregg
Senior Deputy Director**

FINAL ORDER TO CEASE AND DESIST

I. BACKGROUND

On September 2, 2021, the Department of Insurance and Financial Services ('Petitioner' or 'DIFS') issued a Notice of Charges, Notice of Hearing, and Temporary Order to Cease and Desist, alleging that Respondents Eastern Trust Finance, EH National Bank and Capital Standard Institution have violated the Banking Code of 1999 (Banking Code), 1999 PA 276, as amended, MCL 487.11101 *et seq.*, while engaged in the business of banking in Michigan. The Notice of Charges also alleged that Respondent CEO World Credit Union has violated the Credit Union Act, 2003 PA 215, as amended, MCL 490.101 *et seq.*, while acting as a credit union in Michigan.

Respondents were properly served with notice of the hearing. Respondents did not appear at the hearing.

On November 15, 2021, Administrative Law Judge Stephen B. Goldstein issued a Proposal for Decision (PFD) recommending that the Director issue a final decision to cease and desist consistent with the Findings of Fact and Conclusions of Law as outlined in the PFD.

On December 2, 2021, the Petitioner filed exceptions to the PFD for the purpose of correcting the PFD to note that there are four Respondents in this matter and, for that reason, the term "Respondent" should be replaced with the term "Respondents" where more than a single Respondent is referenced. However, the PFD defines the term "Respondent" to include all Respondents: Eastern Trust Finance, EH National Bank, Capital Standard Institution, and CEO World Credit Union. Therefore, the use of the term "Respondent" in the PFD is not a substantive error that requires adoption of the Petitioner's exception.

The Respondents did not file exceptions to the PFD. Michigan courts have long recognized that the failure to file exceptions constitutes a waiver of any objections not raised. *Attorney General v. Public Service Comm'n*, 136 Mich App. 52 (1984); *see also* MCL 24.281.

II. FINDINGS OF FACT

The Findings of Fact in the PFD are in accordance with the preponderance of the evidence and are adopted in full and made a part of this Final Decision.

III. CONCLUSIONS OF LAW

The Conclusions of Law are supported by reasoned opinion and are adopted in full and made a part of this Final Decision, and restated herein as follows:

1. Respondents Eastern Trust Finance, EH National Bank and Capital Standard Institution have violated the Banking Code of 1999 (Banking Code), 1999 PA 276, as amended, MCL 487.11101 *et seq.*, while engaged in the business of banking in Michigan.

2. Respondent CEO World Credit Union has violated the Credit Union Act, 2003 PA 215, as amended, MCL 490.101 *et seq.*, while acting as a credit union in Michigan.

IV. ORDER

Therefore, it is ORDERED that pursuant to MCL 487.12305 and MCL 490.211, Respondents shall immediately **CEASE AND DESIST** from:

1. Operating the following websites:

www.easterntrustfinance.com

www.ehnationalb.com

www.capitalstandardinstitution.com

www.ceoworldcreditunion.com

2. Conducting any and all business operations as Eastern Trust Finance, EH National Bank, Capital Standard Institution, or CEO World Credit Union, and from committing any acts in violation of the Banking Code or Credit Union Act.

Further, the Petitioner's exception requesting that the term "Respondent" as used in the PFD be replaced with the term "Respondents" is not adopted.

This Order is effective on the date it is issued and entered and shall remain in effect until terminated, modified, or set aside in writing by the Director.

A handwritten signature in black ink, appearing to read 'R. S. Gregg', is positioned above a horizontal line.

Randall S. Gregg
Senior Deputy Director

**STATE OF MICHIGAN
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES**

IN THE MATTER OF:

Docket No.: 21-021488

**Department of Insurance and
Financial Services,
Petitioner**

Case No.: 21-01064

**Agency: Department of Insurance
and Financial Services**

v

Case Type: DIFS-Credit Union Act

**CEO World Credit Union, Eastern
Trust Finance, Capital Standard
Institution, and EH National Bank,
Respondent**

Filing Type: Sanction

_____/

**Issued and entered
this 15th day of November 2021
by: Stephen B. Goldstein
Administrative Law Judge**

PROPOSAL FOR DECISION

BACKGROUND AND PROCEDURAL HISTORY

This proceeding is held under the authority of the Banking Code of 1999, 1999 PA 276, as amended, MCL 487.11101 *et seq.* (Code), and the Credit Union Act, 2003 PA 215, as amended, MCL 490.101 *et seq.* (Act).

On September 2, 2021, the Department of Insurance and Financial Services ('Petitioner' or 'DIFS') issued a Notice of Charges, Notice of Hearing, and Temporary Order to Cease and Desist, alleging violations by CEO World Credit Union, Eastern Trust Finance, Capital Standard Institution, and EH National Bank (Respondent) of Sections 1105 and 1106 of the Code, and Sections 301 and 302 of the Act.

On September 2, 2021, this matter was referred to the Michigan Office of Administrative Hearings and Rules (MOAHR) to schedule a contested case hearing.

On September 2, 2021, MOAHR issued a Notice of Hearing scheduling a hearing for October 19, 2021, at 9:00 a.m.

The October 19, 2021, hearing convened as scheduled. Petitioner was represented by Attorney Joshua S. Smith. Respondent failed to appear. After a finding by the tribunal that Respondent was properly served with notice, the hearing proceeded under the default provisions of Sections 72 and 78 of Michigan's Administrative Procedures Act, MCL 24.271 *et seq.* (APA), and Mich Admin Code, R 792.10134(1).

ISSUE

Has Respondent violated the Code and Act, as alleged in the September 2, 2021, Notice of Charges and Temporary Order to Cease and Desist?

APPLICABLE LAW

MCL 487.11105(1) provides, in relevant part:

Sec. 1105. (1) A person shall not engage in the business of banking in this state unless authorized by this act, the laws of another state, the national bank act, the international banking act of 1978, or if engaged in the business of banking on the effective date of this act under former 1969 PA 319.

MCL 487.11106 provides, in relevant part:

Sec. 1106. The use of the word "bank", "banker", or "banking" or any foreign language words of similar meaning as a designation or name, or part of a designation or name under which business is or may be conducted in this state, is restricted to a national bank, a bank subject to this act, an out-of-state bank, a bank holding company registered under the bank holding company act, a foreign bank agency, a foreign bank branch, a savings and loan holding company as defined in 12 C.F.R. 583.20, or a savings bank that is lawfully conducting business in this state, unless that designation or name, taken as a whole, would not imply a banking business. Use of the term "mortgage banker" or "mortgage banking" in the name or assumed name of a licensee or registrant under the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1651 to 445.1684, does not violate this section.

MCL 490.301(3) and (4) provide, in relevant part:

“Sec. 301. . .”

“(3) The decision to approve or disapprove of the organization of a domestic credit union under subsection (2) is discretionary with the commissioner. The commissioner shall notify the applicants of his or her decision. If the commissioner approves, he or she shall issue a certificate of organization and approved bylaws of the domestic credit union. If all of the organizers sign the certificate of organization and adopt the bylaws and return the certificate of organization and bylaws to the commissioner, the commissioner shall issue the certificate of approval authorizing the commencement of business. If the commissioner disapproves, he or she shall state the reasons for the decision and the applicant may request a hearing to reconsider the decision before the commissioner within 30 days after the mailing of a copy of the decision to the applicants. Within 10 days after receipt of a request for a hearing to reconsider, the commissioner shall set a date for the hearing that is within 60 days after the date the request was received. If the commissioner does not approve the organization of the domestic credit union after the hearing to reconsider, the applicants may file an appeal of the commissioner's decision in the circuit court for the county stated in the application as the location of the principal office of the domestic credit union or in the circuit court for Ingham county within 30 days after the date of mailing by certified mail of a copy of the decision to the applicants. If the applicants appeal to the circuit court, the commissioner shall retain the exhibits introduced at the hearing and shall forward them to the circuit court. The applicants shall pay the cost of preparation of the stenographer's record of the hearing to reconsider.

(4) If a certificate of approval authorizing a domestic credit union to commence business is issued under subsection (2), the domestic credit union is organized for purposes of this act.”

“ . . . ”

Findings of Fact

Based on a preponderance of the evidence, the Tribunal finds, as material fact:

1. Respondent Banks are either currently or have in the past maintained internet websites at the URLs of <https://easterntrustfinance.com/>,

<http://ehnationalb.com/>, <https://capitalstandardinstitution.com/>, respectively. On these websites, Respondent Banks purport or purported to be banks headquartered at 26277 Greenfield Rd, Southfield MI 491675. The ZIP code contains six digits, but standard ZIP codes in the United States only have five digits.

2. Respondent CEO World Credit Union either currently or has in the past maintained an internet website at the URL of <https://www.ceoworldcreditunion.com/>. On this website, Respondent CEO World Credit Union purports or purported to be a credit union headquartered at 26277 Greenfield Rd, Southfield MI 491675. The ZIP code contains six digits, but standard ZIP codes in the United States only have five digits.
3. Respondent Banks' websites contains a series of pages and subpages designed to create the appearance that Respondent Banks are legitimate authorized banks that offer banking and crediting services, inclusive of savings and checking accounts, loans, and credit cards.
4. Respondent CEO World Credit Union's websites contains a series of pages and subpages designed to create the appearance that Respondent CEO World Credit Union is a legitimate authorized credit union that offers banking and crediting services, inclusive of savings and checking accounts, loans, and credit cards.
5. Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union each list the following executive officers on their respective websites:

Managing Director & CEO Robert Miller
Chief Financial Officer Stephen Everett
Senior Loans Specialist Philip Hennessy
Chief Mortgage Advisor Danny Brandt

6. The websites for Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union each use the same set of photos for the executive officers listed above.
7. The websites for Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union each use similar background photos for other pages on their websites.

8. The photos used for executive officers on Respondents' websites appear to be stock photos.
9. The "About Us" section on Respondent Eastern Trust Finance's website states:

"About Us

We are Eastern Trust Finance, We have been providing baking [sic] solutions for over 30 years. We are the most preferred, trustworthy, leading bank in America because we provide rapid, efficient and top quality banking solutions to meet the needs of customers and consistently enhance shareholder's value. We believe value is created for our customers by having true, quality, in-person service focused on solutions that make life easier for them."

10. The "About Us" section on Respondent Capital Standard Institution's website states:

"About Us

We are Capital Standard Institution, We have been providing baking [sic] solutions for over 30 years. We are the most preferred, trustworthy, leading bank in America because we provide rapid, efficient and top quality banking solutions to meet the needs of customers and consistently enhance shareholder's value. We believe value is created for our customers by having true, quality, in-person service focused on solutions that make life easier for them."

11. The "About Us" section on Respondent CEO World Credit Union's website states:

"About Us

We are Ceoworld Credit Union, We have been providing baking [sic] solutions for over 30 years. We are the most preferred, trustworthy, leading bank in America because we provide rapid, efficient and top quality banking solutions to meet the needs of customers and consistently enhance shareholder's value. We believe value is created for our customers by having true, quality, in-person service focused on solutions that make life easier for them."

12. Other than the name of each institution, the claims in the “About Us” section of the websites of Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union are identical, including spelling errors.
13. The “About Us” section on Respondent EH National Bank’s website states that it has been operating “[f]or more than 130 years . . .” and “[s]ince starting our business in 2006 . . .” Scrolling to the bottom of the page, the website encourages people to “Subscirbe Our Newslatter!!” [sic]. These misspellings are on Respondent EH National Bank’s website.
14. Respondents each report having the same address of 26277 Greenfield Rd, Southfield MI 491675. Because United States ZIP codes contain five digits, this address does not exist. To the extent that 26277 Greenfield Rd, Southfield MI exists, the ZIP code for that location would be 48072.
15. Respondents’ websites report the following telephone numbers, presented below in the same manner as they appear on each respective website:

Respondent Eastern Trust Finance: +1(599) 856-2986
Respondent Capital Standard Institution: +1 (314) 643-7260
Respondent EH National Bank: +1 (717) 745-7432
Respondent CEO World Credit Union: +447418347953
16. Southfield, Michigan uses area code 248.
17. The high number of errors in spelling, addresses, phone numbers and ZIP codes, as well as the use of stock photos for executive officers create the inference that Respondents are not legitimate business entities.
18. The use of the same names and photos for executive officers on the websites of Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union reinforce this inference.
19. The websites of Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union each invite consumers to apply for an account by clicking on a link on its website which opens up a form that requires the entry of personal information, including the applicant’s name, address, phone number, e-mail address and occupation. Consumers are required to complete the form and submit it through an online portal on the websites of Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union.

20. The sign-up pages to open an account for Respondent Eastern Trust Finance, Respondent Capital Standard Institution and Respondent CEO World Credit Union appear to be identical.
21. A DIFS investigation determined that Respondents are not located at the addresses listed on their website and DIFS was otherwise unable to identify any physical location whatsoever for Respondents. DIFS concluded that no such address exists.
22. Respondent banks are not domestic banks authorized to commence business in the state of Michigan pursuant to MCL 487.13101-13108.
23. Respondent banks are not foreign banks authorized to commence business in the state of Michigan pursuant to MCL 487.15101.
24. Respondent banks are not authorized as national banks or under the International Banking Act of 1978.
25. Respondent banks are operating as banks in the state of Michigan without authorization, in violation of MCL 487.11105.
26. Respondent EH National Bank is using the word “bank” in its business name in the state of Michigan, in violation of MCL 487.11106.
27. On September 2, 2021, DIFS issued and served upon Respondent Banks a Notice of Charges and Notice of Hearing, pursuant to MCL 487.12304(1). Through that notice, Respondent Banks were informed that their business practices were in violation of the Banking Code.
28. Respondent Banks’ business practices are likely to seriously prejudice the interests of its depositors.
29. Respondent CEO World Credit Union is not a domestic credit union or a corporate credit union authorized to commence business in the state of Michigan pursuant to MCL 490.301 and MCL 490.302.
30. Respondent CEO World Credit Union is not a foreign credit union authorized to commence business in the state of Michigan pursuant to MCL 490.501.
31. Respondent CEO World Credit Union is not authorized as a federal credit union under the Federal Credit Union Act, 12 USC § 1751 *et seq.*

32. Respondent CEO World Credit Union is operating as a credit union in this state without authorization by the Director pursuant to MCL 490.301(3) and (4).
33. Respondent CEO World Credit Union is using the word “credit union” in its business name in this state, in violation of MCL 490.104.
34. On September 2, 2021, DIFS issued and served upon Respondent CEO World Credit Union a Notice of Charges and Notice of Hearing, pursuant to MCL 490.210(1). Through that notice, Respondent was informed that its business practices were in violation of the Credit Union Act.
35. Respondent CEO World Credit Union’s business practices are likely to seriously prejudice the interests of its depositors.

ANALYSIS AND CONCLUSIONS OF LAW

The principles that govern judicial proceedings also apply to administrative hearings. The burden of proof is upon Petitioner to prove by a preponderance of the evidence that grounds exist for the imposition of sanctions upon the Respondent.

By operation of the default judgment granted Petitioner, all facts alleged in the Notice of Charges are adopted by the tribunal as true. *Smith v Lansing School District*, 428 Mich. 248 (1987).

Accordingly, the evidence establishes, by a preponderance, that Respondent violated MCL 487.11105 and MCL 487.11106, and MCL 490.104 and MCL 490.301(3) and (4), as alleged in the September 2, 2021, Notice of Charges and Temporary Order to Cease and Desist. Furthermore, because Respondent failed to appear for the hearing, it has consented to the issuance of a Final Cease and Desist Order, pursuant to MCL 487.12304(1) and MCL 490.210(1).

PROPOSED DECISION

Based on the above Findings of Fact and Conclusions of Law, the Tribunal proposes that the Director or the Director’s designee issue a Final Order to Cease and Desist.

EXCEPTIONS

In accordance with MCL 24.281 and Mich Admin Code, R 792.10132, a party may file Exceptions to this Proposal for Decision (PFD) within 21 days after the PFD is issued. An opposing party may file a Response to Exceptions within 14 days after exceptions are filed. Exceptions/Responses shall include the case name and docket number and be sent by e-mail (preferred) to: MOAHR-GA@michigan.gov, by regular mail to: MOAHR-General Adjudication, P.O. Box 30695, Lansing, MI 48909, or by fax to: 517-335-7535. Also, a copy of Exceptions/Responses must be sent by e-mail to: swinsonr@michigan.gov or by regular mail to: Department of Insurance and Financial Services, Office of General Counsel–Attn: Randie Swinson, P.O. Box 30220, Lansing, Michigan, 48909. A copy of any Exceptions/Responses must be timely sent to all other parties and attorneys of record in this matter.



Stephen B. Goldstein
Administrative Law Judge